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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/965,098	09/26/2001	Richard C. Johnson	021756-087500US	3958
51206 7590 09/10/2009 TOWNSEND AND TOWNSEND AND CREW LLP TWO EMBARCADERO CENTER 8TH FLOOR SAN FRANCISCO, CA 94111-3834				
EXAMINER BADII, BEHRANG				
ART UNIT		PAPER NUMBER		
3694				
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09/10/2009		PAPER		

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

09/965,098

Applicant(s)

JOHNSON, RICHARD C.

Examiner

BEHRANG BADII

Art Unit

3694

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 20 April 2009.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-7 and 11-24 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-7 and 11-24 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/SB/08)
- Paper No(s)/Mail Date 18/2/09
- 4) ☐ Interview Summary (PTO-413)
- Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

Response to Arguments

Applicant's arguments filed on 4/20/09 have been fully considered but they are not persuasive. The amendments have not overcome the rejection. The amendments merely state the same limitation but worded differently than before. The invention is a combination of a Dutch auction where the price is periodically decreased until a bid is received and an English auction, where the auctioneer accepts bids that are higher than the current high bids and the highest bidder gets the item. The Dutch and English auction is well known in the art and is also disclosed in the applicant's background. The applicant's argument is that this is a two phase auction. The first phase is the Dutch auction (going down in price) and the second phase is the English auction (going up in price). Further applicant argues that in the second phase, the bids are both higher than the first bid and are placed later in time than the first bid received during the first phase of the two phase auction.

The claims are replete with functional language. A functional limitation is an attempt to define an element by what it does or by a property or characteristic it has rather than by what is. "Intended use" is a type of functional language that describes the manner in which a claimed apparatus is intended to be used. "Intended use" does not distinguish the claimed apparatus from the prior art if the prior art has the capability to so perform. Although the prior art in this case discloses the usage of the claims' limitation, i.e., the prior art discloses the intended use, the prior art only has to show that

it has the capability to so perform. For example, the following claims are not patentably different and one can be used to reject the other:

1. A computer for communicating with a server that performs demand forecasting using Monte Carlo simulation comprising: a device for entering and transmitting historical demand data to said server and a device adapted to receive and display a forecasted demand based on said Monte Carlo simulation from said server.
2. A PC with a keyboard, monitor and network card, running a browser, connectable to the Internet.

Both Boarman and Das disclose multiple phases to an auction and that in the second and later phases, the bids are higher than the first bid and are placed later in time than the first bid received during the first phase of the two phase auction.

Das clearly shows the newer bids are higher than the older bids and are placed later in time. The higher bids push the other bids lower in the queues because the new bid is higher than the old bid.

2112 [R-3] Requirements of Rejection Based on Inherency; Burden of Proof

The express, implicit, and inherent disclosures of a prior art reference may be relied upon in the rejection of claims under 35 U.S.C. 102 or 103. "The inherent teaching of a prior art reference, a question of fact, arises both in the context of anticipation and obviousness." *In re Napier*, 55 F.3d 610, 613, 34 USPQ2d 1782, 1784 (Fed. Cir. 1995) (affirmed a 35 U.S.C. 103 rejection based in part on inherent disclosure in one of the references). See also *In re Grasselli*, 713 F.2d 731, 739, 218 USPQ 769, 775 (Fed. Cir. 1983).

Claims 1-7 and 11-24 have been examined.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-7 are rejected under 35 U.S.C. 101 because based on Supreme Court precedent (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876).) and recent Federal Circuit decisions, the Office's guidance is that a 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. (The Supreme Court recognizes that this test is not necessarily fixed or permanent and may evolve with technological advances. *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972)). If neither of these requirements is met by the claim, the method is not a patent eligible process under 101. The modification to the claims should be included in the preamble and the body of the claim, not just to the preamble.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-7 and 11-24 rejected under 35 U.S.C. 103(a) as being unpatentable over the applicant's background and further in view of Boarman et al, USP 6,609,112 and Das et al, USPAP 2002/0147675.

As per claims 1, 11 and 18, the applicant's background discloses a method/computer system/machine readable medium of conducting an auction for an item, comprising the steps of: setting a current asking price for the item; posting the current asking price and enabling bidding at the current asking price; periodically decreasing and posting the current asking price until a first bid is received from a first bidder at the then current asking price, and awarding the item to the first bidder at the then current asking price. The applicant's background does not disclose the combination the two the auctions above, i.e. a tow phase auction which includes after the first bid is received, at least one additional bidder bids higher than the first bid within a predetermined time interval after the first bid is received. Boarman and Das disclose two or more phase auctions and they disclose after the first bid is received, at least one additional bidder bids higher than the first bid within a predetermined time interval after the first bid is received (Das et al.: p 53-54, 65 & 77) (Boarman: col.4, 29-67; col.5, 1-61; fig 3a; abstract). More specifically, p54 of Das states: "an important class of continuous double auctions, in which the auctioneer maintains bid and ask queues such that, when the current best bid is exceeded or the current best ask is undercut, they are not removed, but simply demoted to the second position in their respective queue, with the new bid or ask assuming the first position. Bids or asks that have been pushed down to lower positions in their queues by a succession of higher bids or lower asks

may later rise back to the top of their queues when the bids or asks above them are removed through trade, withdrawal, expiration, or possibly other circumstances.” Both references disclose auctions that are composed of more than one phase.

It would have been obvious to modify the applicant's background to include after the first bid is received, at least one additional bidder bids higher than the first bid within a predetermined time interval after the first bid is received as that taught by Boarman in order to conduct proxy bidding within the context of Dutch auctions (col.1, 60-63).

As per claims 2, 12 and 19, the applicant's background further discloses setting a reserve price for the item, the reserve price being that price below which the item will not be sold, and stopping the auction if the periodic decreasing step decreases the current asking price to a level that is at or below the reserve price and no bid is received at the reserve price.

As per claims 3, 13 and 20, the applicant's background further discloses wherein the decreasing step is carried out at a predetermined regular time interval.

As per claims 4, 14 and 21, the applicant's background further discloses wherein the posting step includes a step of causing the current asking price to be displayed on at least one remote computing device coupled to a network.

As per claims 5, 15 and 22, the applicant's background further discloses wherein when the at least one additional bidder bids higher than the first bid, the method further comprises the steps of: accepting increasingly higher successive bids from at least one of the first bidder and the at least one additional bidder, and awarding the item to a highest bidder among the first bidder and the at least one additional bidder.

As per claims 6, 16 and 23, the applicant's background further discloses wherein the accepting step accepts each one of the increasingly higher successive bids if timely received.

As per claims 7, 17 and 24, the applicant's background further discloses wherein the item includes at least one of a contract, goods, a service, real estate and a legal right.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Behrang Badii whose telephone number is 571-272-6879. The examiner can normally be reached on Monday-Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

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Commissioner for Patents

P.O. Box 1450
Alexandria, VA 22313-1450

or faxed to (571)273-8300

Hand delivered responses should be brought to

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Any inquiry of a general nature or relating to the status of this application
or proceeding should be directed to the Technology Center 3600 Customer Service
Office whose telephone number is **(571) 272-3600**.

/Behrang Badii/
Examiner, Art Unit 3694